

The WATER WELLSPRING

A FLOWING SOURCE OF INFORMATION FOR WATER AND WASTEWATER UTILITIES

Spring 2010

Accepting Credit Cards as Form of Payment



Many consumers are now requesting that utilities accept a credit card as form of payment. However, since credit card companies charge a transaction fee each time the business accepts or swipes a consumer's credit card, the cost of accepting credit cards as payment can add up, especially for small businesses. Plus, as a regulated utility, all charges assessed by the utility to the customer must be approved by the Public Service Commission of South Carolina (PSC). So how can a utility satisfy the customer's need to pay by credit card but avoid incorporating the transaction fees into the utility's rate structure? One acceptable way is to require the customer to pay the transaction fee to a third party that would be assessed to the utility from the credit card company. Some utilities denote this fee as a 'convenience fee.' Requiring the consumer to pay the credit-card transaction fee to a third party places the burden on that customer and not all the customers of that utility. In addition, it is not required to be approved by the PSC. If your utility is interested in establishing credit card payments, contact your local bank for further information.

ANNUAL REPORT DEADLINE REMINDER

Water and Wastewater utilities are reminded that the regulations require an annual report be filed with the PSC with a copy to the ORS no later than April 1 of each year if the utility's books are maintained on a calendar year. If the utility uses a fiscal year-end other than December 31st, the annual report should be filed within 3 months after the end of the fiscal year.

Please contact us if you have any questions or need a blank copy of the annual report.



Guidance on Repainting Existing Water Storage Tanks

Spring is here and it's time to start tackling some of those dreaded outdoor chores. Is repainting your water storage tank on your list of things to do? If so, DHEC reminds utilities that a permit is **not** required to repaint a water storage tank. However, at least ten (10) days prior to initiating the repainting of a water storage tank, the public water system must submit written notice sent to the local Environmental Quality Control (EQC) District Office. The written notification must include a map or other detailed description of the water storage tank location and a date on which work is expected to begin and a date when the tank is expected to be returned to service. The following are regulatory requirements to know prior to repainting a water storage tank:

1. Coatings used on the interior of a water storage tank must be certified by a third party as meeting specifications of the American National Standards Institute / National Sanitation Foundation (ANSI/NSF) Standard 61, Drinking Water Components - Health Effects as per the SPDWR's. The certifying party must be accredited by the American National Standards Institute. Hot and cold applied waxes, grease and coal tar coatings are not allowable, except where these are the only coatings that have ever been used on the tank and the coating to be installed has been certified by a third party as meeting the specifications of ANSI/NSF Standard 61. DHEC strongly recommends that water systems consider another coating system for tanks which have only used hot or cold applied waxes, grease or coal tar coatings.
2. Unless there is information available indicating that the existing paint to be removed from the tank contains no hazardous constituents, all paint waste must be assumed to be hazardous waste. The waste must be collected and contained until a laboratory analysis has been completed to determine if hazardous waste has been produced. If the existing paint coating is determined to be nonhazardous, collection is not required. Potential damages to adjacent property should be considered if sandblast residue migrates across property lines. DHEC's Bureau of Land and Waste Management, Waste Assessment Section, (telephone (803) 896-4000) or the EQC District Hazardous Waste staff can offer guidance on testing the paint to determine whether it is hazardous and/or disposal options for both hazardous and nonhazardous waste.
3. A minimum pressure of twenty-five (25) pounds per square inch (psi) of pressure must be maintained in the distribution under normal system demand. However, a minimum pressure of twenty (20) psi is allowed during periods of unusually heavy flows (i.e., fire or flushing) [Section R.61-58.7(E)(7)]. The public water system must take necessary steps to ensure that these minimum pressures are maintained when a tank is removed from service. Local fire departments should be notified whenever a storage tank that may affect their ability to fight fires is removed from service.
4. The public water system must comply with the maximum contaminant levels specified in the SPDWR. To help ensure that these standards are complied with, interior coatings must be allowed time to cure in accordance with the manufacturer's recommendations. Also, the tank should be disinfected in accordance with the latest American Water Works Association standards prior to placing the tank back into service. If the water tank is not taken out of service during exterior painting, openings and vents of atmospheric storage tanks must be sealed to prevent contamination of the water supply.

CHECK US OUT!

The ORS has updated its website! Go to www.regulatorystaff.sc.gov and look around. Not all links are fully constructed so if you have any questions or need any information, please give us a call.

Legislative Update

S. 1110 has been introduced to require a public utility providing water, sewerage, or sewerage disposal services to less than 1500 customers located in one county to submit a rate increase request to the county legislative delegation prior to submission to the PSC. The bill has been sent to the Senate Judiciary Subcommittee.

H.3331 has been introduced to require a privately owned public utility, within five days after the filing of a new or changed rate schedule for water or sewer service, to make available certain independently audited financial statements and consolidated financial statements for public inspection in a certain manner for a certain period of time. The bill has been referred to the House Committee on Labor, Commerce and Industry.

We will keep you updated on any changes.

The Audit Corner:

What are Operating Expenses?

Expenses incurred to produce the utility's primary regulated service(s) such as providing water and wastewater services.

What are the categories for Operating Expenses?

- **Operations** Expenses such as labor, fuel costs, rent, and meter reading expenses
- **Maintenance** Expenses such as the maintenance of wells, pumps, and service lines
- **Depreciation and Amortization** Expenses for used and useful plant in service
- **Taxes** for property, payroll, and income taxes

These expenses are found on the Income Statement and expensed in the current year.

What are Capital Expenses?

Expenditures for assets which have service lives greater than one year.

The majority of capital expenditures are for the utility's Plant in Service. Some major repairs are also classified as capital expenditures if they extend the life of the assets beyond a year.

What are some examples of Capital Items?

- **Meters**
- **Refurbished Pump**
- **Vehicles**
- **Legal Costs associated with purchasing assets**

Capital Expenditures for assets, which have a life beyond one year, are found on the Balance Sheet.

Consumer Services

Charging For Service After Disconnection

Water and wastewater utilities are allowed by regulation 103.535 and 103.735 to deny or discontinue service for specific reasons. However, is the utility allowed to continue to charge for service after the customer is disconnected? Surprisingly to many utilities the answer is no, unless it is specified in the utility's approved tariff. For example, a water or wastewater utility disconnects service on the first day of the month. Can they charge for that month and for proceeding months? Usually the answer is no. However, if the disconnection occurs mid-month or later, the utility should be able to collect for that month, but usually would not be able to collect for proceeding months. Why? The customer is not receiving any benefit of service from the company. Keep in mind that the pipes from the main to the boundary line of the customer's property are the responsibility of the utility, not the customer. So if there's a backup on the customer side of the pipe (ie, sewage backflow), it is the customer's responsibility for any repairs. So, before sending out that next bill to a customer who has been disconnected, double-check the utility's tariff to verify that the PSC has approved this charge. And remember that the only authorized reasons a utility may deny or discontinue service are specifically outlined in the PSC regulations.

Proper Signage Reminder

During recent water and wastewater site visits, the most common non-compliant issue was the lack of proper signage on well houses, lift stations, fences, or any equipment in use by the utility. Utilities should verify that proper signage is in place on all equipment and is legible. Information on the sign should include the utility name and emergency phone number, including area code.

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